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Chairman: Mr. Hart (Vice-Chairman) ..... (Barbados)

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In the absence of Mr. Wali (Nigeria), Mr. Hart (Barbados), Vice-Chairman, took the Chair.

The meeting was called to order at 9.45 a.m.

Agenda item 50: Macroeconomic policy questions

(a) International trade and development (A/60/15 (Parts I-IV), A/60/225 and 226)

1. **Mr. Panitchpakdi** (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General on international trade and development (A/60/225), said that the 2005 World Summit had strongly emphasized the contribution of trade to development and that UNCTAD was uniquely placed to help developing countries attain the internationally agreed development goals, including the Millennium Development Goals.

2. Developed countries continued to be the major drivers of international trade; however, the system and the political economy that underpinned it were changing dramatically. The role of trade in the economic growth and development of developing countries was increasing in quality and quantity. Diversification into manufacturing and services marked a progressive trend and many developing countries were emerging as regional or global locomotives of trade and economic growth, while South-South trade was enjoying an unprecedented expansion across continents. Consequently, developing countries were more crucial than ever to the dynamism and vitality of the international trading system, while trade had become an essential means of achieving their development goals.

3. Nevertheless, many low-income countries with small, vulnerable economies remained marginalized from the trading system and, in addition, were commodity-dependent. That situation underlined the urgent need for new international support measures to develop their infrastructure, supply capacities and competitiveness, as well as to replicate the positive experiences of the locomotive countries. In that respect, UNCTAD had developed a trade and development index that measured and monitored the contribution of trade to national development, while serving as a diagnostic and policy tool.

4. Increased oil prices, stringent market-access barriers and anti-competitive practices, natural disasters, and the risks and uncertainties arising from developments in the international monetary and financial system could all adversely affect the developing countries' trade and development prospects and needed to be addressed by the international community as a whole. However, the agreement reached by the Group of Eight at Gleneagles on a development solidarity package and the report by its Commission for Africa were creating a more supportive atmosphere for trade and development. In addition, the major trading partners had renewed their commitment to create an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system and work towards implementing the development dimensions of the Doha work programme and the timely achievement of the Millennium Development Goals.

5. The international community was facing a moment of truth in the Doha negotiations; the political will and statesmanship deployed in the coming days would determine whether a successful, balanced, development-oriented outcome to the work programme could be achieved. Positive engagement was urgently needed on the part of all countries, but particularly the major developed countries; there was no room for procrastination or negative conditionality. Emphasis should be placed on the transparency and inclusiveness of the negotiations in order to sustain and promote ownership and implementation of the results. The Doha negotiations clearly provided a unique forum for dealing conclusively with several politically difficult issues, such as agriculture and trade liberalization. They sought to establish multilaterally secure and predictable rules, enhance market access in services sectors and attract new investments in developing countries' infrastructure.

6. Care had to be taken to minimize the effects of trade liberalization on the poor and vulnerable, to enhance universal access to essential goods and medicines, and to promote sustainable development. A credible package on development issues should include immediate and secure free market access for all exports of the least developed countries; enhanced market access for the industrial and agricultural goods of developing countries, and for their exports of services; removal of trade-distorting non-tariff barriers; elimination of export and domestic subsidies,

particularly in relation to agriculture and cotton; a solution to trade-related intellectual property rights and public health to facilitate access to essential medicines; and mobilization of the relevant technical assistance to reinforce developing country capacities in the trade facilitation chain.

7. The trade liberalization agenda needed to be complemented by aid for trade, to complement aid for development, and by debt relief. A key feature of the new agenda had to be a meaningful aid for trade package, which would help developing countries meet implementation and adjustment costs, and build the necessary competitive supply capacity and infrastructure. UNCTAD, as a key institution in the follow-up to the 2005 World Summit Outcome, was working with Governments and other agencies to translate trade-related commitments into action. It provided a meeting ground for intergovernmental policy dialogue and consensus building, and was an effective interlocutor between public policy makers and the relevant stakeholders.

8. **Mr. Jomo** (Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs) introduced the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/60/226), which had been prepared in response to General Assembly resolution 58/198.

9. The Secretariat had invited all Member States to provide information and views on the matter; other relevant organizations, programmes and agencies had also been invited to provide information. Replies had been received from 14 Member States and two United Nations organizations. Most respondents stated that the application of such measures was inconsistent with international law and that they did not apply them. A few replies reported specific instances and described their adverse impact.

10. **Mr. Ransford Smith** (Jamaica), speaking as President of the Trade and Development Board, introduced the Board's report on its fifty-second session (A/60/15 (Parts I-IV)). The message from the High-level Segment, held under agenda item 2, was that investment and aid programmes should be tailored to specific national and local situations. He then summarized the views and concerns expressed by the delegations, which were contained in the report.

11. The deliberations on agenda item 3, "Interdependence and global economic issues from a trade and development perspective", had been based on the Trade and Development Report 2005, which looked at recent trends in the world economy and their implications for progress towards the Millennium Development Goals. He gave an account of the discussions reflected in the report, which had concluded that developing countries needed to continue their efforts for greater diversification and industrialization and to avoid higher indebtedness, keeping in mind that the current favourable conditions for many of them could be temporary.

12. Under agenda item 4, the Trade and Development Board had conducted its annual review of progress in the implementation of the Programme of Action for the least developed countries for the decade 2001-2010. The structural weaknesses inherent in the economies of the least developed countries needed to be addressed effectively by the countries themselves and their development partners. UNCTAD had an important role to play in helping such countries take advantage of trade and investment opportunities and build their human and institutional capacities. The Board had called on UNCTAD to further strengthen its work with the least developed countries, including producing an annual report on the issue. It had also encouraged the UNCTAD secretariat to make substantive contributions to the mid-term review of the Programme of Action for the Least Developed Countries. Member States had expressed differing views on the impact of the erosion of trade preferences on the trade and development prospects of the least developed countries, and on the nature of the international measures required to remedy the adverse consequences. Nevertheless, they had called for intensified international support measures to enhance those countries' productive capacities, diversify their economies into non-preference-dependent activities, and improve their utilization of market access preferences.

13. The Board's discussion on Africa, under agenda item 5, had been based on a report by the UNCTAD secretariat entitled "Rethinking the role of foreign direct investment", calling for a more strategic approach and better weighing of the costs and benefits of foreign direct investment by policy makers. It hoped to reach consensus on the draft agreed conclusions at a resumed fifty-second session in November.

14. Under agenda item 6, the Board had reviewed developments and outstanding issues in the post-Doha work programme of particular concern to developing countries, and attention had been drawn to the principal conclusions, which were set out in the Board's report.

15. In its resolution 57/270 B, the General Assembly had recalled the role of UNCTAD as the focal point within the United Nations for the integrated treatment of trade and development issues. Consequently, agenda item 7 on the contribution of UNCTAD to the implementation and follow-up to the major United Nations conferences and summits had provided an opportunity for the Board to systematically review the relationship between the work of UNCTAD and overall major economic processes under way within the United Nations as a whole.

16. The Board had reviewed the technical cooperation activities of UNCTAD and their financing, under agenda item 8 (a). It had decided to further enhance the effectiveness and development impact of the UNCTAD technical cooperation strategy, which included mandates on the implementation of the relevant General Assembly resolutions; enhancement of programmes and activities to make them more coherent, coordinated and interdivisional; and operationalization of the São Paulo Consensus. The deliberations of the Board on the report on UNCTAD assistance to the Palestinian people (TD/B/52/2), under agenda item 8 (b), were reflected in the report. Discussions had focused on the continued adverse impact of the five-year-old crisis and conditions confronting the economy of the occupied Palestinian territory.

17. Lastly, the Board had held a half-day informal hearing with representatives of civil society and the private sector under agenda item 9 (b).

18. **Mr. Chowdhury** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States), introducing the Secretary-General's report on international trade and development (A/60/225), said that it had very effectively highlighted the difficulties faced by the 50 least developed countries in trying to integrate into the world economy. Indeed, they contributed only half of 1 per cent to world trade although they accounted for about 12.5 per cent of the world's population. Their poor performance in trade seriously hampered their chances of achieving the Millennium Development Goals and realizing the commitments of the Brussels Programme of Action. To help the least developed countries build their capacities to attract investments, enhance the efficiency of transport and communications and make a more appropriate use of technology, there was a need to expand the Integrated Framework of Trade-related Technical Assistance for least developed countries, which currently covered 31 countries, to include all 50. Furthermore, the provision of duty- and quota-free preferential treatment by developed countries for all products from the least developed countries could generate welfare gains of up to $8 billion and export gains of up to $6.4 billion.

19. The 31 landlocked developing countries, 16 of which were also least developing countries, should be given greater access to world markets. While the landlocked developing countries and some international financial institutions and transit neighbours had undertaken some action towards implementing the Almaty Programme, international support needed to be considerably enhanced. The least developed, landlocked and small island States — the most disadvantaged States on earth — should be supported in their efforts, including by fellow developing countries, to benefit from potential opportunities for growth and diversification of trade under subregional and regional cooperation arrangements, especially South-South cooperation and South-South trade, which currently accounted for 40 per cent of developing country trade. The third round of negotiations of the Global System of Trade Preferences among Developing Countries offered a good opportunity for addressing the issue of lifting current trade barriers in respect of those disadvantaged States.

20. The upcoming World Trade Organization (WTO) Ministerial Conference should give a much-needed boost to the Doha Development Agenda and result in a binding commitment on duty- and quota-free market access for all least developed country products as well as an expeditious cotton-based decision on the elimination of domestic support and trade-distorting export subsidies to protect in particular the millions of West African cotton growers. The international community should also heed the proposal of the African, Caribbean and Pacific (ACP) countries for a "vulnerability index" to identify products eligible for non-reciprocal treatment. The widespread economic

hardship and uncertainty faced by preference-dependent least developed countries and small island developing States, as in the case of sugar, bananas and textiles, deserved serious attention, as did the proposal for the creation of an "Aid for Trade" fund to help the most vulnerable countries to overcome supply-side constraints and address transitional adjustment costs. Lastly, the report by the WTO Consultative Board entitled "The future of WTO" recommended, inter alia, that agreements reached by WTO in future should create a "contractual right" for the poorest countries to receive "adequate and appropriate" aid to implement their obligations under WTO.

21. **Ms. Mills** (Jamaica), speaking on behalf of the Group of 77 and China, said that, at the upcoming WTO Ministerial Conference in Hong Kong, the commitments to place the needs and interests of developing countries at the heart of the WTO work programme and to transform international trade into an engine of development must be fulfilled. There was an urgent need to fully implement the development mandate of the Doha Ministerial Declaration and the WTO General Council decision of 1 August 2004 and for developed countries to substantially reduce trade-distorting domestic support and eliminate export subsidies. Of equal importance was the need to include strong, special and differential treatment in the final outcome of the negotiations on agriculture, non-agricultural market access (NAMA) services and outstanding implementation issues. Protectionist measures by developed countries that continued to undermine the comparative advantage of developing countries must also be addressed, while developing countries must play a stronger role in developing safety, environmental and health standards.

22. She reiterated the need to address the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system and called for the full and effective implementation of the Mauritius Strategy, the Brussels Programme of Action and the Almaty Programme of Action. There was also a need to create a more equitable economic system and to address adequately the vulnerability of each country to external shocks.

23. The intellectual property regime should be made more development-oriented to facilitate the transfer of technology and knowledge to developing countries. The international community must also work towards a legally binding international instrument on the preservation, protection and promotion of traditional knowledge and genetic resources in order that developing countries could benefit from the use of their own resources. The Group of 77 and China was deeply concerned that the deadline for negotiations on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement in the Doha Ministerial Declaration had not been respected and hoped that that trend would be reversed. Reiterating the importance of substantially enhancing financial support to UNCTAD, she said that the role of the Conference in providing effective and demand-driven assistance to developing countries must be preserved; any attempt to undermine or shift its development perspective would be resisted.

24. Unilateral economic measures inconsistent with the Charter and with international law continued to be used as a means of political and economic coercion against developing countries. Such measures contributed to impoverishment and undermined development efforts, including efforts to achieve the Millennium Development Goals, in order to satisfy the political interests of stronger powers. The focus on reforms of the Organization in the area of human rights and on implementing the internationally agreed development goals should have spurred the international community to categorically and unanimously reject that practice. However, it had failed to do so. The necessary corrective measures must now be taken as a matter of urgency.

25. **Mr. Valenzuela** (Observer for the European Commission), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia and Turkey; the countries of the stabilization and association process and potential candidates Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Serbia and Montenegro; and, in addition, Moldova and Ukraine, said that trade could play a vital role in promoting growth and economic development and enabling developing countries to reach the Millennium Development Goals. The European Union was very conscious of the obligations placed upon the international community to achieve a universal, open, rule-based, non-discriminatory and equitable multilateral trading system, as well as market access opportunities and real ability for poor countries to trade competitively and become successfully integrated into the global economy. Development remained the key dimension of the Doha Round and

the Hong Kong WTO Ministerial Meeting must deliver on that issue. Negotiations on NAMA, agriculture (including cotton), services, rules and trade facilitation provided the greatest opportunities for ensuring pro-development outcomes in the Doha Round and the European Union remained firmly committed to the ongoing talks in WTO in that regard and to the success of the Hong Kong Ministerial Meeting and of the Doha Round.

26. Progress was necessary on full duty-free and quota-free market access for all least developed countries, small economies and other developing countries. WTO members should agree in Hong Kong on a commitment to grant full duty- and quota-free access to all least developed country products. A number of countries, including those of the European Union under the "Everything but Arms" scheme, provided such access. It was hoped that developing countries in a position to do so would take steps in that direction.

27. Least developed countries should not be asked to open their markets too rapidly; nor should other developing countries with particular problems in that regard. Issues of special and differential treatment should be approached in a pragmatic manner. As for preference erosion, the answer should come from trade and development measures, such as increasing South-South trade, creating duty- and quota-free access for least developed countries and allowing longer transitional periods for particularly affected products. At the same time, supply-side measures, such as support for capacity-building, restructuring, diversification and regional integration, were also necessary. As far as aid for trade was concerned, the European Commission would increase funds for trade-related assistance to 1 billion euros a year. The Hong Kong Meeting should agree on a strong aid-for-trade package addressing supply-side constraints and building developing countries' ability to successfully integrate into the global trading system.

28. **Mr. Jenie** (Indonesia), speaking on behalf of the Association of South-East Asian Nations (ASEAN), said that trade was a means of achieving development and eradicating poverty. The multilateral trading system offered the most suitable mechanism for resolving international trade issues. He highlighted a number of measures taken by ASEAN to promote trade among its members, including the establishment of the ASEAN Free Trade Area (AFTA) with a target date of 2015 for the liberalization of the services sector and the opening up of investment sectors currently placed on the sensitive list, and the establishment of the ASEAN Integration System of Preferences (ASIP) to help narrow the development gap between the more developed and less developed member countries. As a result of those measures, overall trade had grown significantly in 2004, with total exports from the 10 member countries increasing by 20.7 per cent to $551.19 billion. Over the same period, total imports had increased to $492.86 billion.

29. In the area of capacity-building, ASEAN welcomed cooperation with the United Nations, including with regard to accession assistance to its member countries that were not yet WTO members. It was important to ensure fair and equitable terms of accession commensurate with the trade, financial and development needs of those countries, and to give them increased support throughout the accession negotiations. The least developed and landlocked member countries of ASEAN still faced challenges in integrating into the world trading system. Issues requiring urgent attention in the current international trading system included the need to establish full modalities in agricultural and non-agricultural market access coupled with substantial progress in services, trade facilitation and rules and outstanding implementation issues currently before WTO.

30. In addressing those issues, it was important to grant developing countries adequate policy space; to give small and vulnerable economies special and preferential treatment and increased technical assistance, including with regard to capacity-building; to establish immediate and duty- and quota-free market access for all exports from least developed to developed countries, as well as to developing countries; to realize the international commitment to an open, rule-based, predictable and non-discriminatory trading system; and to promote South-South trade as a building block for North-South trade. He welcomed the role of UNCTAD in promoting development and regional and interregional processes, including ASEAN, and stressed the need to strengthen UNCTAD so that it could fully perform its mandate in the service of development.

31. **Ms. Soto** (Costa Rica) said that fair, equitable and rules-based international trade had the potential to generate employment, promote investment, boost national consumption, develop the economy and

improve the quality of life. A small country such as Costa Rica must rapidly adapt to international trends if it was to continue to be competitive on the international market; macroeconomic decisions taken in the main markets for its products could have a vast impact on its economy.

32. Her delegation called for greater coherence in developed countries' macroeconomic policies and for a comprehensive analysis of policies — including on trade, ODA, investment and the environment — which affected development. Good performance in one area was sometimes obscured by a contradictory policy. World Bank statistics had shown that the $56 billion in ODA granted by OECD countries to developing countries in 2004 had been offset by five times as much in domestic subsidies to farmers in OECD countries. Support for developing countries' private-sector development and export diversification had been undermined by tariff escalation on dearer imports from developing countries. Ironically, some countries that met their ODA commitments applied the most restrictive agricultural trade policies within OECD.

33. Increased ODA on its own, without greater access to markets for products from developing countries and elimination of trade-distorting subsidies, would create greater dependence on external assistance in those who received it and greater poverty and inequality in those who did not, since trade would continue to be the principal source of financing for many developing countries.

34. Costa Rica had great expectations of the upcoming Sixth WTO Ministerial Conference, which should show the contribution that the Doha Development Round could make to the attainment of the Millennium Development Goals and to national development plans. The elimination of significant barriers to the trade in goods would lift 140 million poor out of poverty, thus contributing considerably to the attainment of Goal 1.

35. In the agricultural area, negotiations should strive for the high level set in Doha and in the July 2004 package of framework agreements on the three pillars: export subsidy elimination, reduction of trade-distorting domestic aid, and market access. Fulfilment of the long-standing commitment to fully liberalize trade in tropical agricultural products could herald important agreements in other areas such as market access for non-agricultural goods. It was hoped that all WTO members would consolidate all their tariffs. However, WTO must improve its anti-dumping and other regulations so as to assure all countries of genuine access. Costa Rica looked forward to significant progress on the commitment to bring the negotiations on the WTO rules to a successful conclusion, especially with regard to anti-dumping and trade facilitation.

36. While the July 2004 package had acknowledged the need to address preference erosion, preferences must not hinder the liberalization of multilateral trade. The solution to the problem of the erosion of preferences in favour of the developing countries was not to be found in depriving other developing countries of trade openings in the developed countries' markets; the solution must be sought in the context of international organizations other than WTO that possessed the necessary instruments for improving the competitiveness of preference-dependent economies.

37. **Mr. Southcott** (Australia), speaking on behalf of the Cairns Group of countries: Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay, said that, as the Doha Round reached a critical juncture, leaders must seize the opportunity to finalize the negotiations in a manner consistent with the Doha Declaration.

38. Distortions in world agricultural markets continued to undermine the ability of many developing countries' agricultural sectors to contribute to sustained economic development and poverty alleviation. The Group was committed to substantial reform of the agricultural trading system through the Doha Round and had urged the leaders of the Group of Eight, meeting earlier that year, to consider eliminating trade-distorting barriers and opening markets to enable developing countries to unlock their agriculture sectors' full potential.

39. The Cairns Group welcomed the progress made in breaking the deadlock in the agriculture negotiations in 2005. With the Sixth WTO Ministerial Conference only weeks away, it was crucial for Governments to agree on the elimination of all export subsidies on all products, on a blueprint for substantial reductions in trade-distorting domestic support, particularly that provided by major subsidizing countries, on a detailed plan for substantial improvements in market access for

all products, and on key elements of special and differential treatment, recognizing the particular needs of developing countries.

40. Deep reform of global agricultural trade was crucial and the Doha Declaration called on the industrial countries, the major subsidizers, to make the greatest contribution, although all countries should contribute because agricultural liberalization had benefits for all. Many studies had shown that the global welfare gains of agricultural trade reform would amount to hundreds of billions of dollars annually, and that the majority of those gains would accrue to developing countries.

41. He agreed with the Secretary-General that one of the best ways of assisting the poor was to provide a genuinely free and fair trading system that allowed them to trade themselves out of poverty. Not only would that produce broader economic gains; it would also help to alleviate poverty, advance food security and promote economic growth and higher living standards.

42. **Ms. Navarro Barro** (Cuba) said that, with the Sixth WTO Ministerial Conference just weeks away, the lack of progress in the various areas of negotiation was worrying; should that situation persist, it would certainly trigger a failure similar to the one in Cancún and have unpredictable consequences for the multilateral trading system. Although the Doha Round had been intended to establish a platform to increase that system's contribution to poverty alleviation, sustained economic growth and development in general, the results were yet to be perceived.

43. Full compliance with the Doha Declaration continued to be a central preoccupation of the poor nations in trade matters; it was therefore unfortunate that the 2005 World Summit had failed to send to the current WTO negotiation process a clear political message that took into account the fundamental interests of the least favoured.

44. So-called trade liberalization, arbitrarily applied, had increased inequalities and had not only concentrated wealth, but had also concentrated poverty in increasingly larger areas of exclusion. Indicators of growth in the volume of developing countries' trade in goods and services reflected only the situation of developing countries of relatively high development, mainly in Asia and Latin America, while the volume of trade of sub-Saharan Africa and the least developed countries continued to decrease.

45. Only with the reform and strengthening of the multilateral trading system, ensuring that development was the focus of any related negotiation could the system truly achieve openness, inclusion, predictability and non-discrimination.

46. To that end, certain important conditions needed to be met. Priority should be given to multilateral trade agreements and rules. More effective provisions relating to special and differential treatment for developing countries should be formulated and implemented, since they were vital for incorporating safeguards and special-product instruments.

47. Negotiations on market access should adequately address the concerns of the developing countries with highly preference-dependent economies, as well as the issue of compensatory mechanisms, especially for the least developed countries. Also, specific measures should be adopted in order to reach a lasting solution to developing countries' external debt and to increase flows of technology and trade-related assistance to those countries.

48. National policy space for developing countries should be preserved in order to create a proper balance between national regulations and international disciplines and commitments. Lastly, all trade-related conditionalities must be eliminated if free trade was to be genuinely free. Recent justifications of that system merely attested to the most powerful nations' lack of political will, the main obstacle to a negotiated solution.

49. The tight economic, commercial and financial blockade by the United States of America against Cuba was a clear example of the hypocrisy and manipulation inherent in unilateral coercive measures. Not only did it prevent trade between the two nations, it also tried to repress Cuba's trade with third States and their private companies, in outright violation of the sovereignty of those States and the most elementary principles of international law.

50. It was important to respect the mandate contained in the Doha Declaration regarding Cuba and WTO members with small economies, whose particular needs should also receive priority treatment in the current multilateral trade negotiations. That treatment implied specific recommendations tailored to their

characteristics and needs so that they could be better integrated into international trade. As the focal point for integrated attention to trade and development issues, UNCTAD should be given the financial support required to fulfil its original mandate of analysis and policy advice, as well as that deriving from the new requirements and priorities established at São Paulo.

51. Cuba would continue to work towards universal fulfilment of the development commitments undertaken at the major United Nations conferences and summits and hoped that the same spirit would prevail during the negotiations on that crucial issue.

52. **Mr. Ashri Muda** (Malaysia) observed that trade could be a positive force in promoting economic growth and development, thus contributing to the eradication of poverty and to the developing countries' attainment of the Millennium Development Goals. It was therefore a common responsibility to provide an environment which would promote the participation of developing countries in a fair and development-oriented trading system.

53. As noted in the report of the Secretary-General (A/60/225), developing countries still suffered from unfair restrictions on their access to markets in developed countries, and a fairer system would benefit both groups in the long run. North-South trade should be promoted, but the traditional pattern of such trade — the South exporting raw materials to the North and importing the latter's manufactured goods and services — must be broken. The transfer of knowledge, technology, technical assistance and investment to the South was a prerequisite for more balanced patterns of trade and sustainable prosperity for all; greater prosperity in the South would result in expanded markets for the North.

54. At the same time, South-South trade, with its enormous potential for expansion, should be strengthened. Already in 2004, exports from developing countries had totalled $3 billion, and there was certainly further potential for expansion.

55. Malaysia, the eighteenth largest trading nation in the world, was firmly committed to the WTO multilateral trading system and actively sought to expand trade within both international and regional frameworks. It hoped that the forthcoming WTO Ministerial Conference would establish a predictable, transparent, non-discriminatory and rules-based system for the benefit of developed and developing countries alike.

56. It also hoped that further progress would be made in the Doha Round towards reconciliation of the developed and developing countries' respective positions. Particular attention should be paid to the developmental aspects of trade. Both sides should show flexibility and goodwill. The creation of trading opportunities for developing countries should not be viewed as acts of charity but as a means of enabling them to participate fully in the world economy and of reinforcing efforts to eradicate poverty and promote, in the long term, a more just and secure world order.

57. WTO members should live up to their Doha commitments regarding the progressive elimination of export subsidies and domestic market supports. The improvement of market access for products from developing countries, especially agricultural exports, would have a direct impact on growth and poverty reduction. As regards non-agricultural goods, flexibility was needed to accommodate sensitive sectors essential for achieving development goals. Where market access to services was concerned, Malaysia favoured progressive liberalization.

58. In multilateral trading, countries had a common interest in safeguarding an effective and equitable rules-based system. At the same time, adjustments needed under such a system should not limit developmental policy space. Developing countries faced problems with fulfilment of some WTO agreements; he therefore recommended continuation of the work by UNCTAD to assess the results of the Doha programme and develop institutional capacity and technical knowledge in that area. Countries should work together to promote a multilateral trading system based on cooperation rather than competition and, therefore, beneficial to all.

59. **Mr. Yao** Wenlong (China) said that although the growth of the world economy had experienced sustained momentum, trade protectionism was on the rise in some developed countries and hindered the normal development of international trade.

60. Yet open international trade could impart solid benefits to developing countries and poverty-stricken populations. The Doha Round had reached a critical point. The failure to reach the first approximation at the July 2005 WTO negotiations on agricultural trade reform would adversely affect the forthcoming

Ministerial Conference in Hong Kong and efforts to complete the Doha Round by 2006. He called for greater political will and flexibility, improved communication and cooperation, and for further proactive measures to achieve progress in the Doha Round and eventually reach a balanced multilateral trade agreement.

61. The new rules of free trade should be fairer and more transparent, fully embodying the principles of equality, mutual benefit, openness, and success for all in the interests of a multilateral trade system conducive to the long-term stable development of the world economy and world trade.

62. Since agriculture was the key to the entire Doha process, the current serious distortion in trade in agricultural products needed to be rectified through trade liberalization, reduction of trade-distorting domestic subsidies and a specific timetable for eliminating export subsidies. In addition, there was a need for liberalization and tariff rationalization of trade in non-agricultural products; an early agreement aimed at drastically lowering tariff peaks and tariff escalation would produce annual gains of $20 to $60 billion for the developing countries.

63. Given the explosive growth in services trade in the previous two decades, developed countries must assume their responsibilities, according priority in trade negotiations to areas in which the developing countries had comparative advantages and paying attention to special situations. Meanwhile, development negotiations should give consideration to the developed countries' demand for the promotion of trade liberalization and the practical interests of the developing countries. China supported priority for adequate policy space and special and differential treatment for least developed countries, but opposed the division of developing countries into separate categories.

64. Trade facilitation was an important force for development. Countries should therefore improve the efficiency of their customs systems and ensure balance between trade safety and trade facilitation. The developing countries — and particularly the least developed countries — which experienced great difficulties in trade facilitation owing to lack of capacity and high cost — should receive technical capacity-building assistance.

65. China's foreign economic and trade cooperation would become wider and deeper as it embarked on its eleventh Five-Year Plan, in which it would adhere to its basic national policy of reform and opening up to the outside world, economic and trade cooperation with other countries, and contributions to the joint efforts of the international community to advance the Doha Round and establish a fairer and freer global trading system.

66. **Mr. Prabhu** (India) agreed with the UNCTAD view that fairness was the inequality needed to enable exploited peoples to attain an acceptable standard of living. The realization of the development dimensions of the Doha work programme was a categorical imperative.

67. The 2005 World Summit had highlighted the importance of trade and market access for developing countries in their efforts to eradicate poverty and to achieve the Millennium Development Goals. If agricultural subsidies by the developed countries and poor market access persisted, import liberalization by the developing countries would lead only to domestic demand constraint and industrial recession. The Doha Round provided a unique opportunity for the multilateral trading system to contribute further to growth and development.

68. Progress in those negotiations had, however, been disappointing: deadlines had not been met for substantially advancing technical work and the formula for tariff reduction, flexibility for developing countries and the treatment of unbound tariffs remained unsettled. Clear political direction to break the current impasse was therefore crucial. Anticipated gains from agricultural reform and trade liberalization by developed countries had to date eluded the developing countries. Moreover, agriculture was related to food security and rural livelihood, as well as trade. Demands for reduction of *de minimis* payments by all countries went back on the July framework agreement and were unacceptable to developing countries with subsistence farming and predominantly resource-poor farmers.

69. Welfare gains from liberalization of trade in non-agricultural products and export revenue gains would be hefty, leading to shifts in the output and employment in key sectors in developing countries, resulting in job and revenue losses for many of those countries. It was therefore important to protect sensitive tariff lines in the small-scale and

employment-intensive sectors of the economy, and to preserve the autonomous liberalization programme. Negotiations must take fully into account the special needs of developing countries, including through "less than full reciprocity", under the Doha Ministerial Declaration.

70. Restricting the movement of professionals across the world was unnatural and ultimately to the detriment of developed countries themselves. The basic General Agreement on Trade in Services (GATS) architecture and agreed negotiating modalities and procedures must be respected in the negotiations, and negotiated gains in market access must be protected from arbitrary restrictions. One key development issue concerned the amendment in the trade-related aspects of intellectual property rights (TRIPS) Agreement intended to address the problems faced by countries in acquiring medicines at affordable prices when fighting serious public health problems. In an attempt to receive fair recompense for their biogenetic resources, developing countries had also been seeking amendments to the Agreement to fully align it with the Convention on Biological Diversity. In the area of preference erosion, India believed that the main responsibility lay with the developed economies and welcomed the World Bank initiative on Aid for Trade, which aimed at loosening supply-side constraints in many developing countries.

71. The Sixth WTO Ministerial Conference should focus on negotiating modalities on agriculture and manufactures and make dedicated progress on services, rules and trade facilitation. The United Nations played a central role in the promotion of development. Developed countries must be encouraged to soften their positions and remove barriers which resulted in lost development opportunities. India was actively and constructively participating in negotiations on the Doha work programme in the expectation that they would fully take into account the needs and concerns of developing countries.

72. **Mr. Tun** (Myanmar) referred to the persistence of protectionism in the international trading system, despite the commitment of some developed countries to reduce or eliminate tariffs and non-tariff barriers on export products from developing countries. In order to create a fair and just world trading system, international cooperation was vital. Special and differential treatment for developing countries was needed, and he urged member States to fulfil their commitments made through the Millennium Declaration to create an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system, expressing the hope for a fruitful outcome at the forthcoming Sixth WTO Ministerial Conference.

73. Myanmar promoted trade at all levels and, as a member of the Association of Southeast Asian Nations (ASEAN), had agreed to reduce tariffs on some imports from fellow member States by up to 5 per cent by 2008. Its total trade between 2004 and 2005 had increased by 6.6 per cent compared to the previous year and it expected further improvement in external trade performance, despite restrictions imposed on its exports. Unilateral coercive measures, used as a form of political and economic coercion against Myanmar, negatively affected its trade and foreign direct investment flows and contravened international law and WTO rules. The development of Myanmar's external trade would help to accelerate its efforts to reduce poverty, improve living conditions, and provide sustainable development for its people.

74. **Mr. Ramadan** (Libyan Arab Jamahiriya) recalled that free, fair and non-discriminatory trade could be a powerful engine for development and poverty reduction and would facilitate the realization of the Millennium Goals by providing developing countries with additional financing for development. He hoped that the Sixth WTO Ministerial Conference would take important decisions on agriculture, market access for non-agricultural products and services, development issues, and trade imbalances. In particular, developed countries should deliver on the promises made at the Doha Conference, allowing developing countries free access to markets, involving them fully in the global trade regime and helping them to build their technical capacities and diversify their production.

75. UNCTAD should continue to play a central role in promoting cooperation and trade between developing and developed countries and in helping regional economic groups, particularly in Africa, to improve the economic prospects of the peoples that they represented.

76. Unilateral economic measures adversely affected the socio-economic outlook in developing countries, undermining international economic cooperation and efforts to establish a fair and free multilateral trade system. The international community should take urgent steps to eliminate the use of such measures against developing countries. It should also facilitate

access by developing countries to WTO, and his delegation hoped that the Libyan Arab Jamahiriya would soon be accepted into that organization.

77. **Mr. Chowdhury** (Bangladesh) said that the benefits of integration of developing countries into the global economy varied according to their level of economic and institutional development. Such integration should be gradual and strategic. The entire international community shared responsibility for a development-focused outcome to the Doha work programme, and it was therefore imperative for decisions at the Ministerial Conference to be successfully negotiated.

78. Openness to trade and the international financial system had increased exposure to competition and external shocks, leading to painful adjustments in domestic economies. Developing countries had paid heavily for their openness and premature liberalization, and had learned that government non-intervention was no guarantee of economic stability. They basically needed sufficient policy space to better manage their integration. The goal of deeper and sustained capacity-building could be attained by addressing supply-side constraints, lack of competitiveness and infrastructural inadequacies and by providing microcredit, microprojects and assistance following the termination of the Agreement on Textiles and Clothing. The Aid for Trade Initiative was most welcome and he cited the role of UNCTAD in that regard. UNCTAD must be strengthened in order to assist developing countries in their technical cooperation and capacity-building efforts.

79. Least developed countries had been increasingly marginalized, with a steady decline in their share of global trade. In order to reverse that trend, bound duty-free and quota-free access must be granted to their exports to all destinations on a secure, long-term and predictable basis. Realistic rules of origin provisions, certification and inspection requirements and technical safety standards must be adopted.

80. **Mr. Chidumo** (Mozambique), speaking on behalf of the member States of the Southern African Development Community (SADC), stressed the importance of regional integration in building sustainable trade capacity in developing and least developed countries. The adoption of various regional instruments had demonstrated the preparedness of member States to harness trade as a vehicle for poverty eradication and for achieving sustainable economic growth and development.

81. Trade within SADC had increased, resulting in a regional GDP growth rate of 4.1 per cent in 2004, up from 3.2 per cent in 2003. SADC was proud of its achievements, and was convinced that its target of 35 per cent intra-Community trade in a free trade area arrangement by 2008 was within reach. Through strengthened regional integration, the member countries would be better placed to participate meaningfully in multilateral initiatives to further liberalize global trade.

82. The international community should be more committed to creating a fair environment for trade in goods and services and to the transfer of environmentally sound technology. The necessary political will must prevail among the key players, the developed countries. The Outcome of the 2005 World Summit had reaffirmed the importance of a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that should motivate and galvanize efforts to surmount the outstanding issues of the Doha Round.

83. Agriculture was the theme most critical to the success of the Doha Round, in which balanced and equitable outcomes were important for all three pillars, with operationally effective and meaningful special and differential treatment for developing countries. The SADC member States remained concerned by the lack of progress on development and other issues, which were central to their ability to achieve internationally agreed development goals including the Millennium Development Goals. They regretted the failure of the 2005 World Summit to urge expeditious conclusion of the Doha Round.

84. He outlined certain key issues under each of the three pillars of the negotiations under the Agreement on Agriculture, including the need for a credible end date for the elimination of all forms of trade-distorting mechanisms and the adoption of a standstill commitment consistent with the Agreement, thereby avoiding the introduction of new subsidies, the increase of existing subsidies and the reintroduction of any form of export subsidies previously discontinued.

85. With respect to TRIPS and public health, he recalled that SADC member States were among the most affected by the HIV/AIDS epidemic. Yet, two years after the adoption of a decision to grant a

temporary waiver to enhance production of and access to generic drugs, no progress had been made in finding a permanent solution, as advocated in the decision. That issue must be resolved at the Sixth WTO Ministerial Conference.

86. The loss of preferential treatment due to the advent of the WTO trade regime was a matter of consternation to SADC member States, as was the debate on the issue, which focused on questioning the value of preferences rather than on finding a solution. The debate should focus on mitigating preference erosion and identifying the means to alleviate the loss incurred by countries that derived benefits from preferences.

87. Developed countries should show political will by ensuring that commitments made in the Framework Agreements were translated into tangible and detailed agreements on issues of interest to developing countries. Progress in the negotiations could also be achieved through the collective recognition that trade-distorting mechanisms continued to erode the ability of developing countries to fairly compete in the global trading system. He welcomed recent discussions in that regard among the European Union, the United States and Japan.

88. Anything less than the total elimination of trade barriers would betray the poor people of developing countries who continued to make ends meet on less than a dollar a day.

The meeting was adjourned at 12.45 p.m.

United Nations A/C.2/60/SR.18

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Chairman: Mr. Hart (Vice-Chairman) ..... (Barbados)

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05-57876 (E)

In the absence of Mr. Wali (Nigeria), Mr. Hart (Barbados), Vice-Chairman, took the Chair.

The meeting was called to order at 2.50 p.m.

Agenda item 52: Macroeconomic policy questions *(continued)*

(a) International trade and development *(continued)* (A/60/225, AS/60/226, A/60/15 (Parts I-IV))

1. **Mr. Duong Hoai Nam** (Viet Nam) said that his delegation welcomed and supported The Spirit of São Paulo and the São Paulo Consensus adopted at the eleventh session of the United Nations Conference on Trade and Development (UNCTAD). Political will and a positive spirit of cooperation between developed and developing countries would be needed to achieve the common objectives outlined in those two documents, particularly in the areas of agriculture and non-agricultural market access, services and terms of accession to the World Trade Organization (WTO). It was therefore troubling to note, in the report of the Secretary-General on international trade and development (A/60/225) that little progress had been achieved in the substantive negotiations and in meeting the development objectives of the Doha Round.

2. Distortions in the world agricultural market continued to undermine the ability of agricultural sectors in developing countries to contribute meaningfully to sustained economic development and poverty alleviation. His delegation therefore welcomed the Doha Plan of Action adopted at the Second South Summit, and was encouraged that the High-level Plenary Meeting of the sixtieth session of the General Assembly had called for the termination, by a specific date, of all forms of export subsidies on all products, the elimination of trade barriers and the opening of markets as a means for developing countries to unlock the full potential of their agricultural sectors, and to improve food security and the welfare of their people.

3. WTO members should address issues and concerns raised by developing countries regarding their difficulties in acceding to WTO, and in implementing some of its agreements and decisions. The liberalization and reform measures demanded of acceding developing countries went far beyond the commitments outlined in existing WTO agreements or undertaken by current WTO members at similar levels of development. More than ever, it was crucial to accord developing countries special and differential treatment in order to help them address their financial and trade needs.

4. The Sixth WTO Ministerial Conference would offer an opportunity to correct existing anomalies in the global trading system to ensure fair and equitable terms of accession, commensurate with the trade, financial and development needs of acceding developing countries; and to address specific needs of acceding and newly acceded countries in the Doha work programme negotiations. To that end, the United Nations, particularly UNCTAD, and other stakeholders should support developing countries in their efforts to integrate into the international trading system and achieve the Millennium Development Goals.

5. **Mr. Siv** (United States of America) said that his country was firmly committed to trade liberalization and economic development throughout the world. However, trade alone was not enough to generate economic growth. Good governance was essential for sustainable development and was the foundation on which trade could build in order to improve economic prosperity. The WTO Ministerial Meeting would be an important step towards the goal of completing the negotiations under the Doha Development Agenda by the end of 2006. A successful conclusion to those negotiations could lift as many as 500 million people out of poverty and add $200 billion annually to developing country economies. The deliberations in the General Assembly must not adversely affect the Doha negotiations. Previous WTO declarations and decisions must not be construed in any manner that would attempt to prejudge the outcome of the WTO negotiations.

6. WTO was the unique forum for global trade rule-making and liberalization. At the fifty-ninth session of the General Assembly, his delegation had opposed the resolution on the agenda item under consideration because it had contained text that attempted to prejudge WTO negotiations. The negotiations at the current session should give momentum to trade liberalization while respecting the independent mandate of WTO.

7. **Mr. Karanja** (Kenya) said that many developing countries in sub-Saharan Africa continued to face difficulties in trade expansion and integration into world trade and blamed their poor performance on the

continued use of various tariff and non-tariff barriers, such as subsidies, by developed countries. The developing countries hoped for an expeditious conclusion of the Doha Development Agenda. The Millennium Declaration, which reflected the political will lacking in the Doha negotiations, should be exploited to create a rule-based and non-discriminatory multilateral trading system and bring the Doha Development Agenda to a successful conclusion.

8. His delegation commended UNCTAD for its activities to follow up the WTO General Council decision of 1 August 2004 (July package), including the organization of a symposium on the Doha work programme in February 2005 for the Kenya National Committee on WTO and its participation in a technical workshop organized by the Economic Commission for Africa and the African Union in Tunis in November 2004. It called on UNCTAD to continue providing and strengthening trade and trade-related capacity-building efforts for African countries.

9. Kenya welcomed the recent developments in the multilateral trade negotiations, particularly the evolving international consensus that the Doha Round should be concluded by the end of 2006. It also noted and appreciated the intensification of discussions, particularly on technical issues, since the adoption of the July package, with a view to establishing modalities in agriculture and non-agricultural market access and taking major decisions in such areas as trade, services, trade facilitation and development issues before the December Ministerial Conference in Hong Kong.

10. While it was regrettable that the modalities on technical issues could not be completed by July 2005, his delegation welcomed the growing efforts at consensus-building on key issues, and the political impetus injected into the negotiations by the mini-ministerial conferences held in Kenya, China, France and Switzerland.

11. Political will and guidance would be more necessary than ever in the sensitive and complex agricultural negotiations on the conversion of non-ad valorem tariffs into ad valorem equivalents. The methodology finally adopted must increase market access for developing countries without any adverse effects on the non-reciprocal preferences they enjoyed under existing arrangements. It would be useful to establish timetables during the Doha Round for the total elimination of export subsidies or domestic support measures by developed countries. The Sixth WTO Ministerial Conference should take decisions on all issues under negotiation, so that the Doha Development Agenda would be realized by 2006.

12. The improvements in commodity prices in 2003 and 2004, particularly in Africa and Latin America, had been insignificant in the larger context of deteriorating terms of trade and other variables. The commodities trade crisis should be considered within the agricultural framework, including tariff escalation, temporary protection of preference margins and elimination of non-tariff barriers. Kenya also supported the establishment of an export enhancement fund to assist commodity-dependent developing countries in building the institutions and infrastructure necessary to address supply-side constraints. In that connection, it fully supported the financing and implementation of the International Task Force on Commodities launched at the eleventh session of UNCTAD. The Common Fund for Commodities, in particular the Second Account, must also be strengthened.

13. With the phenomenal growth of South-South trade, largely as a result of regional and subregional integration arrangements, trade barriers among developing countries must be eliminated as well. Trade within regional groupings also encouraged cooperation in other areas, for example, the establishment of a Customs Union among the East African Community members and the issuance of regional passports that facilitated labour mobility within the region. About 40 per cent of Kenyan exports now went to members of the Common Market for Eastern and Southern Africa (COMESA).

14. His delegation welcomed the negotiation of an economic partnership agreement between the Africa, Caribbean and Pacific Group and the European Union, aimed at creating an economic relationship based on reciprocity rather than unilateral preferences. Such a partnership would strengthen regional economic integration as a means of attracting international private investment. In that context, there was a need for positive interface and coherence between multilateralism and regionalism, and a meaningful outcome of the Doha work programme. Kenya urged the institutions concerned, particularly UNCTAD, to redouble their efforts to foster cooperation among developing countries and to ensure a meaningful outcome of the third round of negotiations of the

Global System of Trade Preferences among Developing Countries, to be completed by November 2006.

15. Turning to the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/60/226), he said that sanctions could have profound effects not only on the target countries but also on neighbouring countries and other trading partners. Sanctions should be imposed only in accordance with the Charter of the United Nations, and only after all means of pacific settlement of disputes under Chapter VI had been exhausted. A thorough study of their short- and long-term effects should be undertaken. Sanctions must be clearly defined and lifted as soon as their objective was achieved. They should be imposed for a specified time only, and the justification for imposing them should be defined and subject to periodic review. Any attempt to prolong the application of sanctions for reasons other than those specified must be rejected. Lastly, Kenya recommended establishing a mechanism and/or fund under Article 50 of the Charter to provide relief to third States affected by the imposition of sanctions.

16. **Mr. Gerus** (Belarus) said that building trade, and especially the export capacity, of developing countries and countries with economies in transition was the best way to free them from dependence on international financial assistance, but that tool was not being used sufficiently effectively. At the World Summit, the international community had been unable to include in the Outcome a number of important provisions on the development of international trade and trade liberalization, especially with regard to implementation of the provisions of the Doha Agenda relating to development assistance. It was to be hoped that the Sixth WTO Ministerial Conference would become a successful stage in completion of the Doha Round, making it possible to raise the export potential of developing countries and countries with economies in transition. It would also be advisable to accelerate the WTO accession process for developing countries and countries with economies in transition under fair conditions.

17. Accession to WTO was part of his country's sustainable development strategy and one of the priorities of its external economic policy. Unfortunately, countries seeking accession to WTO were still being subjected to requirements, involving broad liberalization and the assumption of greater and discriminatory obligations in the area of economic reforms, in addition to the existing requirements, that exceeded the concessions and obligations assumed by existing members at similar levels of development. Belarus did not agree with such an approach. Obligations proposed in the WTO accession process must match the economic capacities of States and enable them in future to derive real benefits from participation in the multilateral trade system. Organizations of the United Nations system, especially UNCTAD, had the necessary competence and experience to help the developing countries and countries with economies in transition to integrate into the multilateral trade system on acceptable conditions which took into account their national specificities and development needs.

18. Belarus reiterated its firm position with regard to the inadmissibility of the use or threat of use of a trade preferences mechanism by developed countries as an instrument for exerting political pressure on sovereign States. That ran counter to the principles of constructing a multilateral trade system stated in the Outcome of the World Summit, and was incompatible with States' aspirations to expedite the process of achieving the Millennium Development Goals.

19. **Mr. Gunasekera** (Sri Lanka) said that, in practice, lowering trade barriers and opening markets did not necessarily generate development. Rich countries and large corporations dominated the global marketplace and created very unequal relations of power and information. He drew attention to a number of provisions of General Assembly resolution 59/221 underscoring the importance of addressing the concerns of the least developed countries, in particular commodity-dependent developing countries, and emphasizing that issues related to trade, debt and finance and transfer of technology should be addressed as a high priority in accordance with the Doha work programme and the WTO General Council decision of 1 August 2004.

20. In the context of multilateral trade negotiations, his country was particularly concerned about the phasing out of quotas under the Agreement on Trade in Textile Products. The issues of the Doha Round that were of primary interest for developing countries related to the establishment and the assumption of new treaty obligations that could affect their ability to adopt and implement policies required to pursue their development needs and aspirations. The most critical

issue on the Doha Agenda was negotiations on trade and agriculture, and agreement in that area was probably essential to progress in other ongoing negotiations and discussions.

21. Developing countries also wanted improved access to the markets of developed countries, which required the reduction of tariff peaks and the elimination of tariff escalation, particularly for agricultural exports and processed food exports. Moreover, there was evidence that the level of protection for certain agricultural products currently was no lower than it had been at the beginning of the Uruguay Round. Failure to address those issues would jeopardize the potential of the agricultural sector of developing countries and their efforts to diversify production and exports. Certain elements in the proposal to establish a "development box" put forward by a number of developing and least developed countries, including his own, had been accepted, thereby allowing those countries to adopt trade measures targeting small farmers, with a view to promoting rural development and food security. The outcome of the Doha Round would have a long-term impact on livelihoods in poor communities, particularly where agriculture was the dominant economic sector. He cited statistics illustrating how dependent his country was on activities related to agriculture and livestock and said that providing greater security for the rural masses would facilitate more equitable development for the country as a whole.

22. Although the negotiations on agriculture had received considerable political attention and provided guidance to inform the discussions, progress in that area had not been significant. The Doha Round therefore should focus on the special and differential treatment developing countries required to meet their basic survival needs, in all their aspects.

23. **Ms. Bauzán de Senes** (Uruguay), speaking on behalf of the member countries of MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) and the associated States (Bolivia, Chile, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela), said that in recent years South-South trade cooperation had been steadily increasing. The Global System of Trade Preferences among Developing Countries, the third round of which would conclude in November 2006, was one example of such cooperation.

24. The MERCOSUR countries and associated States were striving to achieve successful integration into the global economy. The efforts made by the individual countries required a favourable international environment, including an open and equitable multilateral trading system that was rule-based, predictable and non-discriminatory and in which development was a key objective. In the context of the Doha Round, the WTO Ministerial Conference should consider the specific problems of small and vulnerable economies with a view to ensuring their fuller integration into the multilateral trading system.

25. It was also important to seek progress in other areas. The members and associated States of MERCOSUR had made progress towards energy integration in the region, a process which had direct consequences for their trading capacity. Physical interconnection was another factor that promoted development and strengthened trade ties. MERCOSUR and its associated States were pursuing that goal through programmes such as the initiative for the integration of regional infrastructure in South America, the central bi-oceanic corridor linking Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay; the bi-oceanic corridor for infrastructure and energy integration; and the subregional energy integration market of the Andean Community.

26. Agriculture continued to be the focus of the negotiations in the Doha Round, since it was the sector that was most affected by the distorting policies pursued by the developed countries. Whether or not the Doha Round could be concluded successfully by the end of 2006 would depend on the results achieved regarding agriculture. The members and associated States of MERCOSUR were determined to pursue their ambitious objective in agriculture, which included achieving substantial reductions in trade-distorting domestic subsidies, substantial improvements in market access and the reduction and eventual elimination of all forms of export subsidies.

27. The developed countries should honour their commitments to implement the reforms agreed in the Doha Round. With the Hong Kong meeting only six weeks away, the members and associated States of MERCOSUR urged the developed countries to adopt a constructive attitude so as to ensure that the serious imbalances and injustices of the international trading system would be eliminated. United Nations resolutions on trade should reflect the need for clear

progress in the trade negotiations so as to arrive at a system of international trade that was more equitable, open and inclusive.

28. **Mr. Tekalegn** (Ethiopia) said that the share of global trade of many low-income countries, particularly in sub-Saharan Africa, was at best stagnating and at worst deteriorating; if that trend persisted, the achievement of the Millennium Development Goals was at risk, in spite of the availability of additional development finance through debt relief and increased ODA. His delegation therefore attached great importance to trade-related efforts to assist least developed countries in achieving their targets based on the Millennium Development Goals.

29. Ethiopia welcomed the World Summit Outcome commitment to ensuring the full participation of low-income countries in the world trading system and to supporting the development of the productive and trading capacities of developing countries. The removal of supply-side constraints would enable the least developed countries to participate more effectively in and benefit from the process of globalization, but further actions were needed in that regard, one of which was the creation of an "Aid for Trade Fund", as called for at the Third Least Developed Countries Ministers' Meeting, held in Livingstone, Zambia, in June 2005. Ethiopia welcomed the fact that that initiative had been endorsed at the recent meeting of the Development Committee of the International Monetary Fund and World Bank.

30. Ethiopia also welcomed the agreement reached at the World Summit to support commodity-dependent countries. It had taken important steps to improve its trade policies, legal and regulatory environments, trade facilities and trade-based institutions, and was also playing an active role in regional integration negotiations and processes. Its application for accession to WTO was a strong signal of its commitment to abide by international rules and obligations. Ethiopia called on existing WTO members to give due consideration to the Guidelines on Accession of Least Developed Countries, which called for fair and equitable terms of accession. It was Ethiopia's fervent hope that the Sixth WTO Ministerial Conference would take a step towards ensuring that trade played its role as an engine of growth.

31. **Mr. Kittikhoun** (Lao People's Democratic Republic), speaking on behalf of the Group of Landlocked Developing Countries, said that, in order to ensure the full and effective implementation of the Almaty Declaration and Programme of Action, the current round of WTO negotiations on market access for agricultural and non-agricultural goods should give special attention to products of special interest to landlocked developing countries. Equally critical was the timely and balanced conclusion of the Doha work programme on small economies, as called for in the São Paulo Consensus and General Assembly resolution 59/245. The Sixth WTO Ministerial Conference should contribute significantly to that goal.

32. In order to prepare effectively for multilateral trade negotiations, the first Meeting of Ministers of Landlocked Developing Countries Responsible for Trade, held in Asunción, Paraguay, from 8 to 10 August 2005, had adopted the Asunción Platform for the Doha Development Round. That strategy would serve as a compass for the Group's participation in the trade round. The Group of Landlocked Developing Countries urged all donors and international organizations to provide well-coordinated financial and technical assistance to all landlocked developing countries, taking into account their specific difficulties and needs. A fair multilateral trading system should be open, rule-based, predictable, non-discriminatory and development-oriented. It should be an integral part of the global financial and monetary system, so as to foster interaction and ensure consistency in policies on trade and global finance. The international community should take appropriate measures to improve access for the landlocked developing countries to trade financing, protect them from the adverse impact of trade liberalization or commodity price volatility and reduce their transport and transit costs.

33. The Group appreciated the support and assistance rendered by all donors and the United Nations, particularly the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and UNCTAD. They hoped that such assistance would be increased in order to ensure the full and effective implementation of the Almaty Programme of Action and the Asunción Platform. To that end, they emphasized the need to strengthen the Office and UNCTAD so as to enable them to carry out

their mandates in the service of landlocked developing countries.

34. **Mr. Bharati** (Nepal) said that, if trade was to be a catalyst for meeting the development needs of the least developed countries, those countries should receive preferential treatment on the international market. The needs and concerns of least developed countries and landlocked developing countries must be taken into account in the Doha Development Round of WTO negotiations.

35. Nepal had become a member of WTO following a lengthy negotiation process. New members of WTO needed assistance with managing trade adjustment costs, strengthening competitiveness and ensuring fulfilment of promises. They must have international support, including technical assistance for infrastructure development, institutional capacity-building and trade diversification. Their products should be offered duty-free, quota-free and unhindered access to other markets. The labour force from less developed countries and landlocked developing countries should be allowed to move freely to the industrialized world, as free movement of labour was a crucial element of fair trade.

36. His delegation welcomed the concept of "Aid for Trade", as well as the Integrated Framework for Trade-Related Technical Assistance for Least Developed Countries and the Brussels Programme of Action. It was encouraged that the international community had recognized the special needs of landlocked developing countries in the Almaty Programme of Action and that the need for trade facilitation and enhanced technical cooperation for landlocked developing countries had been stressed in the Asunción Platform.

37. His Government had given top priority to building infrastructure, including north-south highways, in order to develop Nepal as a transit economy between China and India and thus contribute to facilitating trade between those two countries. The Government of Nepal was encouraging the private sector to assume a leadership role in promoting trade, providing employment opportunities and generating investment. To that end, it was continuing privatization and financial sector reforms and encouraging a public-private partnership in infrastructure development.

38. **Mr. Aristov** (Russian Federation) said that the international trading system was still far from perfect and that its existing rules needed to be improved on the basis of stable, predictable and non-discriminatory access to world markets for the goods and services of all participants.

39. International trade operated as a dynamic, constructive factor contributing to development and poverty reduction; its expansion on a more just and equitable basis would create additional opportunities for achieving the Millennium Development Goals. The Russian Federation had noted with great satisfaction the 2005 Summit Outcome on the importance of the universal, rule-based integration of all States into the global trading system and on accelerating and facilitating accession to WTO in accordance with the established rules.

40. The Russian Federation was taking steps to achieve certain benchmark indicators within the Millennium Development Goals, gradually shedding the role of recipient of international development assistance and concentrating on achieving the Millennium Development Goals within the country on the basis of its own resources. At the same time, within the Group of Eight, the Russian Federation was making efforts to increase its contribution to international assistance programmes and international development initiatives, focusing on the reduction or total elimination of the debt of the poorest countries, chiefly in Africa. The Russian Federation was also providing multifaceted official assistance to many countries, including its partners in the Commonwealth of Independent States, and had recently been taking active steps to increase its donor potential.

41. The Russian Federation had become an integral part of the world economic system and it supported consistent implementation of a liberal, open and predictable trade policy. It was ready to play an active part in multilateral WTO negotiations and was confident that its full participation in reaching agreement on implementation of final Doha Round arrangements would meet the interests of all WTO member States. Further liberalization of international trade must take into account the economic realities and requirements of various countries or groups of countries, in order to extend the advantages of globalization and trade liberalization to all participants in world trade and avoid worsening the situation of national producers. Opportunities existed for a further opening up in many areas of interest to developing countries and countries with economies in transition in terms of their exports. As a matter of principle,

Russian goods and services should have at least non-discriminatory access to external markets.

42. New WTO members should not be required in the accession process to undertake commitments that went beyond the organization's standard set of obligations. Accession countries were being compelled to undertake significantly greater obligations than the initial WTO members. They were being used as guinea pigs for the Doha Round rules which were still under discussion and had not yet become obligatory for all WTO members. The Russian Federation was concerned about how the Hong Kong agreements would impact on its negotiations and future membership in WTO.

43. The Russian Federation was genuinely contributing to the liberalization of international trade by reducing its import duties and applying a special preferential regime to imports from many developing countries, chiefly the least developed countries. No quotas or anti-dumping, countervailing or special protective measures were applied to imports from the least developed countries.

44. The decisions to be taken during the Sixth WTO Ministerial Conference must be consistent with the letter and spirit of the Doha Development Agenda and the São Paulo consensus. It was necessary to ensure that the interests of WTO member States as well as countries acceding to WTO were taken into account.

45. **Mr. Chaudhry** (Pakistan) said that the current multilateral trade negotiations had reached a critical juncture and that the international community had a unique opportunity to fulfil the promised development dimension of the Doha work programme. However, the record of the negotiations in recent months was not promising. Although a framework agreement for negotiations on agriculture had been adopted, its elaboration was proving difficult and its development content was uncertain. Proposals for framework agreements in other areas sought to impose rapid liberalization on the developing countries without regard to their capacity to compete. Operationalization of provisions and promises related to special and differential treatment continued to be delayed and deflected, and there was resistance to correcting the anti-development implications of certain previous agreements, such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). The multilateral trading system and the most-favoured-nation principle continued to be eroded by regional trade arrangements and preferential systems, and new protectionist trends were emerging in some of the largest economies.

46. Although deadlocks had affected earlier multilateral trade negotiations, the situation was more serious and divisions were more profound in the current impasse. A failure in Hong Kong would unmistakably question the need, utility and credibility of the multilateral trading system and the multilateral trade negotiation process. The General Assembly must send a strong message to the Ministerial Conference in Hong Kong calling for an early and genuinely development-oriented Doha Round. The Ministerial Conference in Hong Kong should reach agreements responding to the interests of developing countries, including the following: an agreement on the end date for agriculture export subsidies, including cotton subsidies, and a clear commitment to end all other support measures by the developed countries; an agreement on the tariff-cutting formula for non-agricultural goods that would lead, inter alia, to early termination of tariff peaks and tariff escalation against the exports of developing countries; a moratorium on the use of anti-dumping actions against low-income countries; a commitment to the liberalization of labour services; an end to arbitrary and abusive use of sanitary and phytosanitary standards and similar measures to restrain exports of low-income countries; and the implementation of the special and differential provisions of existing WTO agreements.

47. Other initiatives that must be pursued urgently were: the creation of a trade capacity-building fund; the creation of a mechanism, perhaps with private sector participation, for the stabilization of commodity prices; and a review by both WTO and the World Intellectual Property Organization of the development dimension of the global intellectual property regime.

48. With regard to trade capacity-building, the emphasis in the case of the least developed countries, landlocked developing countries and small island developing States should be on building their productive capacities, compensating them for the erosion of trade preferences and the decline in terms of trade and giving them the policy space to pursue development-oriented agricultural and industrial policies.

49. His country remained committed to the successful conclusion of the Doha Round. It had recently hosted a

Group of Twenty Ministerial Meeting which had taken stock of negotiations on agriculture and had advanced proposals to resolve the impasse on the subject, and had also made a number of proposals to facilitate trade.

50. **Mr. Al-Athba** (Qatar) said that his delegation hoped that the upcoming WTO Ministerial Conference to be held in Hong Kong in December 2005, would conclude a comprehensive agreement on issues of vital importance to developing countries, and evaluate the progress made since the Doha Conference. It should also produce a trade agreement emphasizing the importance of a transparent and fair trade regime that helped to promote development and the realization of the Millennium Development Goals.

51. Trade negotiations should focus on opening up multilateral trade so as to benefit developing countries by removing trade and customs barriers and all other forms of protectionism that prevented them from gaining access to markets in developed countries. To that end, developing countries should also be involved in setting environmental, health and safety standards for the goods that they exported to developed countries.

52. The Hong Kong Conference should send a powerful message about the need to emphasize the development dimension in trade negotiations and aim at bringing the Doha Round to a conclusion in 2006. It should address the issues of ending subsidies on agricultural products and allowing the least developed countries access to markets in accordance with the commitments made at Doha and elsewhere. Particular attention should be paid to the problem of market volatility and price fluctuations, which prevented most developing countries from achieving sustainable development. In addition, the issue of better protection of intellectual property rights in developing countries should be addressed.

53. **Mr. Fasehun** (Director, World Intellectual Property Organization Coordination Office at the United Nations) said that the World Intellectual Property Organization (WIPO) made available to developing countries that were not member States of WIPO the same legal technical assistance relating to TRIPS as was provided to developing country members of WIPO. The organization helped developing countries and countries in transition build intellectual property systems that were in line with national development objectives, and focused on creating indigenous capacity to meet future challenges. It also promoted linkages among civil society, the private sector and government.

54. A key aspect of the work of WIPO involved providing advice, at the request of countries, on the compatibility of national legislation with international intellectual property agreements. It also provided training with regard to the implementation of such agreements and supported efforts by developing countries to exchange experience on implementation. He described activities in which WIPO was engaged in Africa, Asia, Latin America and the Caribbean to help countries develop and use the intellectual property system for development.

55. WIPO also provided advisory services to the least developed countries as they prepared to implement the TRIPS Agreement by 1 January 2006, and those countries had taken advantage of other WIPO services within their regions.

56. The member States of WIPO had agreed to establish a provisional committee to accelerate and complete discussions on proposals relating to a WIPO development agenda. The organization was committed to creating an inclusive intellectual property regime from which all States would benefit and through which they could achieve sustainable development.

57. **Mr. Bhagwat-Singh** (Observer for the International Union for the Conservation of Nature and Natural Resources (IUCN)) said that the International Union supported the consensus that trade was not an end in itself but a means to generate a better quality of life through poverty reduction and sustainable development.

58. Considerable work remained to be done in order to achieve millennium development goal 7, on environmental sustainability. Issues of concern to IUCN in the context of current developments in the multilateral trading system included the need to reform, and ultimately remove, subsidies that harmed the environment and hampered trade, notably in the areas of agriculture and fisheries. It was also necessary to develop appropriate trade policy measures to reduce the spread through trade of invasive alien species and other environmental hazards.

59. With respect to the rapid development of biotechnology, intellectual property must be protected in order to provide fair rewards for innovation and

risk-taking without infringing on access to resources by traditional users. It was also important to encourage the conservation of biological resources in the countries and communities that harboured them, and adequate compensation should be provided when such resources were used in a sustainable manner. The relationship between TRIPS and the Convention on Biological Diversity had yet to be clarified; recent proposals regarding mandatory disclosure by patent applicants of the source of genetic material and of benefit-sharing arrangements could be part of the solution.

60. IUCN recognized that developing countries and countries in transition needed help to upgrade their production practices and strengthen regulatory measures in order to meet the increasingly stringent environmental standards of major consumer markets.

61. Environmental governance must be strengthened so that governments could respond when changing patterns and volumes of trade threatened environmental integrity. Strategic environmental assessments of proposed trade policy reforms should be undertaken in order to anticipate and mitigate potential adverse impacts.

62. **Mr. Rapota** (Observer for the Eurasian Economic Community) said that, in the five years since the Eurasian Economic Community had been established, most of its five member States had achieved growth in the basic macroeconomic indicators, such as GDP, industrial and agricultural output and freight shipment volume, as well as the stabilization of national currencies, increases in wages and pensions and a slowdown in rates of inflation. Uzbekistan had applied to join, and the member States of the Central Asian Cooperation Organization had taken the decision to integrate with the Community.

63. A free trade regime existed throughout the Community, and measures were currently being taken to move towards a customs union. The long-term objective was the establishment of economic and monetary union. Negotiations were under way for the accession of all Community member States to WTO; the Kyrgyz Republic was already a member. The Community fully supported the decisions of the 2005 World Summit to accelerate and facilitate accession to WTO of countries with economies in transition. The basic assumption was that member States of the Community were ready to assume obligations that reflected their levels of economic development, took account of their structural characteristics and were consistent with the level of obligations assumed by other WTO members. Technical assistance to them in the negotiation process was also important.

64. He referred to a number of important investment projects being implemented within the Community which would bring about substantial changes in the economic and social development of its member States, including the construction of hydroelectric power plants, agreements in the transport and agro-industrial sectors, as well as in the social sphere and in terms of migration issues. Complex environmental issues were under discussion, such as the mitigation of the consequences of the Chernobyl disaster in Belarus, the elimination of uranium waste disposal sites in the Kyrgyz Republic and the Republic of Tajikistan, resolving the problems concerning the Aral Sea in the Republics of Kazakhstan and Uzbekistan, and of the former Semipalatinsk nuclear test site in the Republic of Kazakhstan. All those projects and areas of activity were associated with large-scale, capital-intensive efforts which required substantial investments, and the Community was seeking support and assistance from the United Nations and its specialized agencies. A number of projects had already been carried out with the assistance of the United Nations but great coordination was required to enhance effectiveness and reduce implementation time. More active involvement was needed on the part of the international development institutions, chiefly the Bretton Woods institutions and the United Nations Development Programme (UNDP).

65. Acute external debt problems continued to beset a number of countries in Central Asia, and a timely, effective, comprehensive and durable solution was needed. The Community called for more intensive efforts to implement the Almaty Programme of Action.

66. The Eurasian Economic Community noted with satisfaction that the United Nations was taking a serious look at the situation in the countries of Central Asia and was reassessing its role in addressing their problems. The key areas for United Nations activities in the region were consistent with the priorities of the Community and included power generation, water resource management, the environment, transport and trade. The Community stood ready to engage in a dialogue with organizations of the United Nations system, regional economic commissions and specialized agencies. It had already made proposals

regarding the signing of relevant memoranda with the United Nations Economic Commission for Europe and UNDP, and hoped that they would receive a positive response.

67. **Ms. Puri** (United Nations Conference on Trade and Development (UNCTAD)) said she had been very heartened by the support expressed for the Conference's continuing commitment to development, implementation of the São Paulo Consensus and the UNCTAD role in follow-up of the World Summit and other conferences. There had been a number of references to the Conference's technical cooperation and capacity-building role, and she particularly appreciated the pleas made for more resources to be made available to UNCTAD so that it could expand its work to meet increasing demands.

68. The Fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, to be held in Antalya, Turkey, in November 2005, would contribute to the broader issue of the competitiveness of developing countries.

69. A number of speakers had underlined the importance of the multilateral trading system, noting the predicted gains from a successful Doha Round and the need to address certain prerequisites and issues regarding process and substance. The stakes in the Doha negotiations were very high, and both statesmanship and political will were needed from all participants.

70. With regard to South-South trade, she said that UNCTAD had been working with a number of southern regional integration organizations, as well as interregionally. She mentioned in particular the third round of negotiations of the Global System of Trade Preferences Among Developing Countries. She also made reference to the very comprehensive UNCTAD programme on commodities, with the operationalization of its International Task Force on Commodities.

71. As for the agenda beyond the Doha Round, all speakers had recognized the importance of market access in achieving development gains, supply capacity and competitiveness, meeting adjustment costs arising from preference erosion and implementation of agreements. In that context, considerable importance had been given to the "Aid for Trade Fund".

The meeting rose at 5.10 p.m.

United Nations A/C.2/60/SR.19

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Summary record of the 19th meeting
Held at Headquarters, New York, on Thursday, 1 November 2005, at 9.30 a.m.

Chairman: Mr. Toscano (Vice-Chairman) ..... (Switzerland)

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(b) Special economic assistance to individual countries or regions

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05-58160 (E)

In the absence of Mr. Wali (Nigeria), Mr. Toscano (Switzerland), Vice-Chairman, took the Chair.

The meeting was called to order at 9.45 a.m.

Agenda item 38: Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including East Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources *(continued)* (A/C.2/60/L.11)

Introduction of draft resolution A/C.2/60/L.11

1. **Mr. Elfarnawany** (Egypt) said that the sponsors had been joined by Cuba.

2. The draft resolution embodied a number of accepted international principles relating to the permanent sovereignty of peoples under foreign occupation over their natural resources, and was guided by the principles of the Charter of the United Nations and a number of General Assembly and Economic and Social Council resolutions, and other principles generally associated with international legitimacy. The aim was to ameliorate a severely deteriorating situation.

Agenda item 53: Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and strengthening of the United Nations Human Settlements Programme (UN-Habitat) (A/60/8, Supplement No. 8, A/60/168 and A/60/347-E/2005/60)

3. **Ms. Tibaijuka** (Executive Director, United Nations Human Settlements Programme (UN-HABITAT)) said that Member States accorded growing importance to a variety of human settlement issues as set out in the Habitat Agenda and redefined in the framework of the Millennium Development Goals. The report of the twentieth session of the Governing Council of UN-HABITAT (A/60/8) stressed the need for the international community to focus on the critical issues of rapid urbanization and the concomitant urban poverty crisis. Many of those issues, covered in Governing Council resolutions, had recently been restated in the 2005 World Summit Outcome.

4. A combination of factors made the growing numbers of urban poor the most disempowered in terms of poverty and access to health and education and the most vulnerable to disease, representing the collective failure to cope with rapid urbanization and the consequences of globalization. Attainment of the Millennium Development Goals depended increasingly on the ability of Governments and their civil society partners to make cities and towns more equitable and inclusive. The battle for those Goals would be won or lost in cities and towns.

5. Pursuant to General Assembly and Governing Council resolutions in support of Goal 7, to ensure environmental sustainability, considerable progress had been made on establishing the Slum Upgrading Facility. Still at the design stage, it had received initial funding of $20 million from the Governments of the United Kingdom and Sweden and had been operational in 15 African and Asian cities for over a year. Designed to work with Governments, slum-dwellers and local financial institutions to mobilize investments, it would use innovative methods for financing pro-poor urban development with emphasis on domestic capital, and combined technical assistance and seed funding to broker partnerships and create financial packages for slum upgrading and urban infrastructure development. The first credit guarantee pilot scheme, implemented in the United Republic of Tanzania with women's housing cooperatives, had already yielded a 1:4 leverage ratio: for every $1 guaranteed by the Facility, a commercial bank lent $4 to low-income borrowers, thus demonstrating the huge potential for pro-poor housing finance.

6. The Water and Sanitation Trust Fund had been launched and was already in receipt of $50 million from the Governments of Norway, Canada, the Netherlands and Sweden; it would mobilize international finance and investment in relevant pro-poor projects through a judicious mix of grants and loans. It had raised over $1 billion for improving water and sanitation in informal settlements in more than 30 African and Asian cities; it also supported "quick-impact initiatives" for achieving, within five years, the Millennium Declaration water and sanitation targets in secondary towns in two major transnational water basins: the Lake Victoria basin and the Greater Mekong river basin. China and Thailand were also contributing to the latter project.

7. Both projects, executed in close collaboration with the World Bank group, the African and Asian Development Banks and key bilateral donors, showed that a wide range of partners could be mobilized for those targets, including local authorities and civil

society. They were, however, only demonstration initiatives that would need considerable expansion in the next five years in order to accelerate and sustain global achievement of the targets. In that regard, emphasis was placed on capacity-building, management of municipalities and upgraded neighbourhoods, and water and sanitation services. In that connection, she thanked the Governments that had supported the initiatives, and urged others to do likewise to facilitate implementation of the Habitat Agenda and Millennium Development Goal 7.

8. The slum challenge was growing: it was predicted that the current figure of one billion persons living in slums would double by 2030. Despite the conclusion of the *2005 Global Report on Human Settlements* that woefully inadequate pro-poor housing investment reflected a singular lack of attention to the urbanization of poverty, she had consistently failed to impress on policy-makers the extent of the urban development crisis. Urban planning, housing and shelter issues were barely discussed. She therefore urged Governments to work with the Habitat programme managers in order to mainstream the slum challenge and sustainable urban development, and to support their financial viability through multiyear contributions. The UN-HABITAT country presence would be assessed with a view to its integration into the medium-term strategy and international plan.

9. With UN-HABITAT support and African Union sponsorship and formal endorsement, the first session of the biennial African Ministers Conference on Housing and Urban Development (AMCHUD) had been held in January 2005 in Durban. The Conference would be the regional consultative mechanism for achieving the Habitat Agenda goals and accelerating Africa's attainment of the internationally agreed development goals. Consultations for the finalization of the first Asian and Pacific ministerial conference in 2006 were under way, and UN-HABITAT was facilitating the exchange of experiences between AMCHUD and the Lead Authorities of Housing and Urban Development in Latin America and the Caribbean (MINURVI). That event, together with one planned for Asia in 2006, could contribute greatly to the implementation of paragraph 30, on South-South cooperation, of the Summit Outcome.

10. In terms of overall advocacy, the third session of the World Urban Forum, scheduled for June 2006, would be hosted by the Government of Canada, with the main theme of sustainable urban development. It would unquestionably raise awareness of the urban agenda among a wide range of Government and local and civil society representatives. For a related forthcoming 72-hour Internet event, the World Bank would be providing video conferencing facilities to enable people the world over from all walks of life, slum dwellers included, to voice their views on issues facing a rapidly urbanizing planet.

11. Concerning the ongoing global campaigns on secure tenure and good governance, the eradication of urban poverty and the realization of the Habitat Agenda goal of "shelter for all" could be realized only through recognition of the "right to the city" of the urban poor. Although slums, because of their informal nature, were illegal and denied basic infrastructure and public services, they represented the stake of the urban poor in society. The essence of those campaigns and the normative work on human settlements was to transform that tenuous stake and social capital into a tangible asset for releasing the urban poor from the vicious cycle of poverty. In that spirit, and following a rights-based approach to housing, UN-HABITAT and the Office of the United Nations High Commissioner for Human Rights continued to implement the United Nations Housing Rights Programme.

12. The series of disasters in 2005 had resulted in dramatic loss of life, property and livelihoods, and the displacement of entire communities. Notwithstanding the international community's generous and prompt response, the scale of destruction had shown that prevention and the sustainable recovery of victims' homes and livelihoods hinged on sustainable human settlement planning and management: adoption and enforcement of more appropriate land-use planning and building codes, and humanitarian relief operations conceived from the outset as a bridge to development. The number and plight of internally displaced persons and their lengthy stays in makeshift accommodation required sustainable solutions that combined short-term emergency action with the longer-term development agenda. In collaboration with its partners, UN-HABITAT had developed a conceptual framework and operational guidelines, entitled "Sustainable Relief and Reconstruction".

13. UN-HABITAT had been invited to participate in the Executive Committee on Humanitarian Agencies (ECHA) and in the Inter-Agency Standing Committee Working Group (IASC-WG) in Geneva. It was

committed to assuming a larger role in strengthening the United Nations collective response to shelter, land and property challenges in post-disaster situations and to promote implementation of paragraph 132, pertaining to internally displaced persons, of the Summit Outcome. She appealed to the Committee to facilitate full UN-HABITAT membership of IASC in the interests of its humanitarian work.

14. The Commission on Sustainable Development, at its thirteenth session, had focused on water, sanitation and human settlements, the three pillars of sustainable development. Its findings were reflected in paragraph 56 (m) of the Summit Outcome and emphasized, for the first time, the importance of slum prevention. She urged countries in a position to do so to provide sites on which slum-dwellers could build.

15. During the five years that she had been Executive Director, financial contributions to UN-HABITAT had quadrupled; she thanked the Member States which had made that possible. However, those funds had come from a handful of countries. She therefore urged the Committee to ensure that, in the current reform of the United Nations, UN-HABITAT would be allowed to operate on the same principle of voluntary assessed contributions as the United Nations Environment Programme, also headquartered in Nairobi.

16. **Ms. Mills** (Jamaica), speaking on behalf of the Group of 77 and China, said that the Group remained committed to the human settlement targets, including slum upgrading. Convinced that the most fundamental and sustainable solution to the human settlements dilemma was poverty reduction through expanded employment and market access for the goods and services of semi-skilled and unskilled workers, it acknowledged the significance of the urban dimension of poverty eradication and the need to integrate water and sanitation issues in a broad-based approach to human settlements. That required not only appropriate national macroeconomic polices, but also facilitative international policies.

17. The high levels of persistent poverty and disease and the growing frequency and scale of natural disasters, particularly in developing countries, not only implied a reduction in capacity, but suggested that much of the investment in human settlements would be needed for replacing facilities rather than adding to their stock.

18. The constraints on many developing countries included scant resources and claims for debt servicing; the international community must therefore keep its promise to support their efforts, providing them with the requisite resources, increased capacity, technology transfer and an enabling environment.

19. There was a critical need for increased and predictable financial contributions to the United Nations Human Settlements Foundation for timely global implementation of the Habitat Agenda, the Declaration on Cities and Other Human Settlements in the New Millennium and the water, sanitation and slum-upgrading Millennium Declaration goals. The Group of 77 and China called for financial support to UN-HABITAT through increased non-specific contributions and invited Governments to provide multiyear funding for programme implementation and capitalization of the Programme and its Slum Upgrading Facility.

20. **Ms. Liu** Zhongxin (China) said that the major Habitat II goals concerning the provision of adequate shelter for all, and sustainable human settlements, could be achieved only through effective national efforts, and enhanced international cooperation in a sound external environment.

21. The comprehensive implementation of the Habitat Agenda required action that respected the domestic circumstances of countries and their autonomy in decision-making. Such action should also incorporate sustainable development as an overarching principle, with the full participation of all sectors of society.

22. In addition to pursuing the specific Millennium Development Goals on human settlements, the Chinese Government had stepped up its efforts in the area of urban and rural housing reform, and had accelerated the pace of housing construction. Within the context of urban and rural development, a variety of measures had been adopted in order to accord top priority to housing and human settlements development.

23. At present, China had an urbanization rate of 40.5 per cent and had entered a rapid stage of development. Housing conditions and the rights and interests of the general public, particularly with regard to low- and middle-income families, had considerably improved. The Government was also intensifying efforts to formulate and implement nationwide ecological and environmental protection programmes, at the regional

and municipal levels, and to boost the protection of nature reserves and scenic spots, with a view to coordinating and accommodating urban and regional economic and social development, resource development and use, and the protection of natural and cultural environments. The Government had instituted an incentive award to honour towns, institutions and individuals that made outstanding contributions to the improvement of human settlements and to encourage local governments in the integrated management of the ecological environment.

24. China was ready to strengthen exchanges with other countries in the development of human settlements, in an effort to further implement the Habitat Agenda and attain the Millennium Development Goals, for the improvement of human settlements everywhere.

25. **Mr. Ahmad** (Pakistan) acknowledged the contribution made by UN-Habitat to disaster mitigation, post-conflict assistance, technical assistance and cooperation at the country level. Accelerated and concerted efforts at the international level were needed to improve the lives of slum dwellers and to achieve the Millennium Development Goals and targets of the Habitat Agenda.

26. The need for pro-poor policies focusing on tenure security and access to affordable housing was greater than ever. The thirteenth session of the Commission on Sustainable Development and the 2005 World Summit had recognized the need for a multisector, multiactor integrated approach to water, sanitation and human settlements, and, to that end, the Summit had further appealed for the urgent provision of increased resources.

27. He made a number of recommendations for securing a results-oriented integrated approach and for strengthening UN-Habitat. Those proposals included the expansion of technical assistance to developing countries, identification of disaster-prone areas and mitigation strategies, the improvement of inter-agency cooperation and the introduction of an effective balance in the normative and operational activities of UN-HABITAT.

28. With specific reference to the domestic situation, he drew attention to the challenges of urbanization facing Pakistan, which had a 4 per cent annual growth rate in its urban population, and outlined some of the measures taken by the Government to address the increased need for housing units. The earthquake that had struck parts of Pakistan and Kashmir in October 2005 had caused more than 55,000 deaths and the complete destruction of the physical infrastructure of the affected region. With the assistance and support of the international community, his Government had made a determined effort to undertake the task of reconstruction in a coordinated fashion.

29. He expressed the hope that the 2006 session of the World Urban Forum would increase global partnerships and enhance the implementation of Millennium Development Goal number 7, and reiterated Pakistan's commitment to the implementation of its international obligations to promote sustainable development.

30. **Ms. Ovcharenko** (Russian Federation) said that international cooperation on human settlements was an extremely important component of the global sustainable development agenda. The Russian Federation supported the policy of gradually strengthening the role of UN-HABITAT as a key United Nations agency in the field of human settlements, and noted with satisfaction the progress made towards achieving the Habitat Agenda and goals on human settlement established in the United Nations Millennium Declaration and the Johannesburg Plan of Implementation. She expressed support for efforts made within the Programme to advance global campaigns to guarantee the right to housing and to monitor the achievement of sustainable development goals, including eliminating slums and ensuring access to safe drinking water.

31. She also drew attention to urgent issues such as the decentralization of urban management, strengthening local self-governing bodies, the involvement of civil society, mitigation of the consequences of natural and man-made disasters, and delivery of humanitarian relief and assistance in post-conflict reconstruction. Rising rates of urbanization and the persistence of serious economic problems in many regions had created a need for the international community to take additional steps to improve the effectiveness of the work of UN-Habitat.

32. The Russian Federation was convinced of the importance of cooperation between UN-HABITAT and the United Nations agencies and institutions and of expanded interaction with the Bretton Woods

institutions, and welcomed the establishment of the post of Deputy Executive Director of UN-HABITAT.

33. Underscoring the significance of the regional and country dimensions to the problems incurred in implementing the Habitat Agenda, she said that her delegation fully acknowledged the great need in Africa, Asia and Latin America, but that access to safe drinking water, sanitation and the guarantee of sustainable urbanization were also acutely critical issues for countries with economies in transition. A balanced approach in the work programme of UN-HABITAT would promote interaction with Central and East European countries. Likewise, greater attention should be given to the human settlement needs of countries in the far north and Arctic regions. In conclusion, she highlighted the celebration of World Habitat Day and other initiatives that drew the attention of the world to a broad range of problems and provided an integrated approach to their solution.

34. **Mr. Swajaya** (Indonesia) said that the international community shared the resolve to provide safe, healthy and sustainable human settlements for all. Poverty, the negative impact of globalization, population growth and natural disasters directly affected the quality of human settlements, and required strong commitment and tangible action. However, most developing countries faced serious financial, technological and institutional constraints in responding to those challenges. The mobilization of resources was therefore critical to implementing the Habitat Agenda. In that connection, Indonesia welcomed the Human Settlements Financing Division launched by UN-Habitat, providing the Foundation with an operational platform to mobilize resources at the country level.

35. Efforts must be strengthened to implement the Habitat Agenda to ensure the sustainable development of cities. Indonesia was pleased to have hosted the celebration of World Habitat Day on 3 October 2005 in Jakarta, with the theme "Millennium Development Goals and the City". On that occasion, attention had been focused on the role of local government and the need to develop decent low-cost housing. In connection with the event, the Government of Indonesia had launched two national programmes on housing improvement and urban poverty reduction, which were expected to raise the living standards of two million slum-dwellers in 32 cities, and had launched a public awareness campaign on the pertinent Millennium Development Goals.

36. The celebrations had also provided an opportunity to highlight the relief offered to survivors of the tsunami disaster and the reconstruction spearheaded by UN-HABITAT in Aceh and Nias. The rehabilitation and reconstruction agency, established by the Government, had been responsible for designing and overseeing a coordinated, community-driven reconstruction and development programme. Indonesia greatly appreciated the support of United Nations organizations, including UN-HABITAT, the donor community and the private sector in mobilizing financial resources for shelter and community rehabilitation in the disaster areas. A number of consultations and preliminary assessments had already been conducted and over 50,000 reconstructed homes were envisaged, with units at varying stages of completion.

37. **Ms. Vrcan** (Croatia) said that Croatia had fully supported upgrading the United Nations Human Settlements Programme (UN-Habitat) to programme status in 2002 and welcomed the overall positive evaluation of the Office of Internal Oversight Services. Croatia had established the National Habitat Committee as a broad-based platform for national and local-level preparation and implementation of plans of action based on the Habitat Agenda. The rapid growth of cities required a comprehensive sustainable development plan that took into consideration the ecological, economic and social dimensions and the National Habitat Committee was preparing guidelines for the housing policy to be included in the country's new development strategy.

38. A publicly funded housing programme had been set up in 2000 with the twofold objective of improving housing conditions and developing the construction industry. To date, more than 100 cities had made use of the programme and over 11,000 apartments had been constructed according to standards set by the United Nations Economic Commission for Europe.

39. With a 4,000 kilometre-long coastline and over 1,000 islands, of which 47 were inhabited, Croatia was particularly aware of the need to protect its coastal zone and, in September 2004, the Government had adopted regulations designed to protect the cultural and natural values of the coastal area, while ensuring appropriate measures of environmental protection.

40. Croatia counted on the United Nations Human Settlements Programme to provide guidance in future capacity-building endeavours to support its sustainable urbanization policies at the country and local levels, in coordination and cooperation with other relevant United Nations agencies.

41. **Mr. Yadav** (India) said that his Government's 1998 National Housing and Habitat Policy recognized housing not merely as a material asset but as part of an overall sustainable living habitat. India sought to achieve the target of housing for all by 2007, using a facilitating approach involving legal reforms, fiscal incentives and transfer of technology. The large and growing urban population augured a shortage of shelter and associated infrastructure, and the growth of slums. Substantial work had begun to upgrade infrastructure, and measures had been taken to increase the availability of urban land so that prices would fall, making shelter affordable to the poor. In an increasingly urban world, the people's well-being depended on urban problems being tackled in an appropriate manner.

42. The developing countries needed financial and technical assistance for their efforts to eradicate poverty, create durable economic infrastructure and provide food security to the poor in both urban and rural areas. India was considering a programme to provide urban amenities in rural areas, so as to improve the quality of life in such areas and reduce migration to urban centres. Several Government policies and programmes were designed to improve employment and livelihood opportunities in rural areas. An integrated rural development programme started in 1978 offered subsidies and bank credit to the rural poor, and included a training component as well as technical assistance. In urban areas, the draft national slum policy endorsed upgrading and improvement rather than slum clearance.

43. The international community should develop funding instruments to provide long-term funding for national institutions engaged in financing the housing needs of the poor. Traditional methods of collateral-supported institutional finance instruments did not address the problem adequately. Innovative responses were needed to meet the human settlements target and India had been developing schemes for cost-effective, environment-friendly housing construction technologies; projects for remote backward and disaster-affected areas were a priority, with attention being given to developing plans for reducing the impact of natural disasters.

44. International cooperation to provide financial and technical assistance, including technology transfer, should receive the highest priority if the developing countries were to achieve the target agreed at the Millennium Summit. India was willing to continue sharing appropriate technology, particularly in the field of appropriate housing construction technologies, within the framework of South-South cooperation.

45. **Mr. Omene** (Nigeria) said the Global Report on Human Settlements for 2005 had shed light on the broad contextual issues underlying the achievement of sustainable housing. Efficient housing systems had to be complemented with reductions in housing costs and increases in income levels, and the State would have to continue to play a role in supporting long-term lending to mitigate the risks associated with short-term loans in the housing industry. Currently, in many developing countries, the availability of long-term finance was very limited, while the cost of short-term lending was beyond the reach of the poor. Thus, support should be provided for the participation of the State, not as the primary provider of shelter, but as a facilitator, through instruments such as credit guarantee schemes, social housing and targeted subsidies.

46. His Government was implementing the Habitat Agenda, the Millennium Development Goals and the Johannesburg Plan of Implementation in the context of the New Partnership for Africa's Development and the National Economic Empowerment Development Strategy, a reform programme that sought to place Nigeria on the path to economic rebirth and sustainable development. It hoped the international community would provide financial and technical assistance.

47. The United Nations Human Settlement Programme required adequate and predictable financial resources to fulfil its mandate and support developing countries in realizing their human settlement objectives. While the 30 per cent increase in voluntary contributions to the United Nations Habitat and Human Settlements Foundation was to be commended, concern remained about the major imbalance between earmarked and non-earmarked contributions and there was an urgent need to reverse the current pattern of contributions, which was skewed in favour of earmarked funds. Without external support, the poor in

developing countries would not be able to afford adequate shelter.

48. The activities of the Habitat Programme Managers would promote the integration of the global and normative mandate, programmes and campaigns of UN-HABITAT. Accordingly, Nigeria had a Habitat Programme Support Office and a Habitat Programme Manager. Policy coherence, coordination and consistency was needed at the global level. Policies needed to be supportive of development, and reform measures should foster economic growth, poverty eradication, employment, social inclusion and empowerment, and environmental sustainability.

49. **Mr. Karanja** (Kenya) said that UN-HABITAT was not able to function as a full-fledged programme because of inadequate and unpredictable funding of the United Nations Habitat and Human Settlements Foundation, stemming from the imbalance between earmarked and non-earmarked contributions, as well as dependence on a small number of donors. The international community and financial institutions should increase their voluntary non-earmarked contributions to the Foundation, preferably on a multi-year basis. They should also support the Water and Sanitation Trust Fund and the Slum Upgrading Facility to help developing countries mobilize public investment and private capital for slum upgrading, shelter and basic services. It would be desirable to issue a complete package of operational financial rules and regulations in accordance with the recommendations of the Committee for Programme and Coordination.

50. Water, sanitation and slum upgrading targets needed to be addressed in an integrated manner. Furthermore, UN-HABITAT needed to undertake an immediate evaluation of the performance and impact of the Habitat Programme Managers, as recommended by both the twentieth session of its Governing Council and the Committee for Programme and Coordination. Kenya welcomed the outcome of the meeting of the African Ministers of Housing and Urban Development held in Durban, South Africa, in February 2005, especially the establishment of the African Ministerial Conference on Housing and Urban Development (AMCHUD) to serve as a consultative mechanism on the promotion of sustainable development of human settlements in Africa, under the auspices of the African Union. He urged the international community to support that initiative, which would be critical in the implementation of the Habitat Agenda and of the Millennium Development Goals.

51. Man-made and natural disasters had considerably reduced the gains made in the area of human settlements, causing loss of life, destruction of property and untold human suffering. To mitigate the impact of disasters, the international community should provide financial and technical assistance to governments in their efforts to establish early-warning systems. UN-HABITAT had wide experience in disaster mitigation and post-conflict assistance. The Secretary-General should therefore involve it in the activities of the Inter-Agency Standing Committee on disaster and humanitarian affairs and mainstream its best practices into the Peacebuilding Commission.

52. At the national level, his Government, in collaboration with stakeholders, including UN-HABITAT, had committed itself, through the Kenya Slum Upgrading Programme, to systematically upgrade slums in all the urban areas and thus improve the lives and living conditions of some 5.4 million people. He urged Kenya's development partners to support the Government's efforts by contributing to the Kenya Slum Upgrading, Low Cost Housing and Infrastructure Fund. Furthermore, the Government was finalizing a national housing bill to regulate and monitor the housing and human settlements sector; a range of incentives to make it easier for housing developers and other partners to develop more affordable housing; and a national land policy aimed at better land utilization and management.

53. **Mr. Logan** (Observer for the International Federation of Red Cross and Red Crescent Societies (IFRC)) said that the natural disasters of the past few months were only a reminder of how critical sustainable urban planning and construction were to reducing vulnerability and risk, especially in hazardous locations. Construction site planning and city development must be guided by a disaster-prevention culture with adequate water, sanitation and waste management to ensure a healthy environment and reduce or avoid diseases and epidemics. Red Cross and Red Crescent societies worldwide had implemented community-based settlement programmes that contributed to that objective, both during and after disasters and as longer-term activities.

54. Protecting lives in disasters was first and foremost a task of governments, with the Red Cross

and Red Crescent societies playing auxiliary roles. When settlements were destroyed, one of the first priorities was to quickly establish emergency shelter. IFRC had long responded to such demands through the rapid provision of tents and other emergency solutions. In that regard it was applying lessons learned in the aftermath of a variety of natural disasters by increasingly expanding its activities in early-recovery housing, including the provision of transitional homes and the reconstruction of destroyed settlements in consultation with UN-HABITAT, the Office for the Coordination of Humanitarian Affairs (OCHA) and the United Nations Development Programme (UNDP). The importance of disaster preparedness and risk reduction had been reflected in the Agenda for Humanitarian Action of the 28th International Conference of the Red Cross and Red Crescent in December 2003.

55. Adequate planning and construction to prepare for the unexpected should include cost-effective flood, earthquake and storm disaster resistance, which were effective means to prevent the future loss of the limited resources of the poor. In creating a national plan, a system for disaster-risk management, including a risk-reduction element, was critical. The most vulnerable populations required particular attention, as poverty often forced them to live in fragile settlements in the most hazardous locations. Poor people were often more prone to disease and disasters because of where they lived and their circumstances; they also had a more limited access to social-support systems. Improving their lives must start with vulnerability and risk reduction, resilience and capacity-building. Preparing for disasters, particularly those occurring in densely populated urban areas, mitigating their effects and responding to their consequences required cooperation by a broad range of actors, including the United Nations, civil society and international organizations, such as IFRC, if the collective objective of creating resilient, well-protected and well-organized communities was to become a reality.

56. **Ms. Tibaijuka** (Executive Director, United Nations Human Settlements Programme (UN-HABITAT)) said that she was encouraged by the clear awareness of the issues at hand and the recognition that much remained to be done in order for UN-HABITAT to fulfil its mandate of coordinating the implementation of the Habitat Agenda. In that regard, Member States should advocate UN-HABITAT membership of the Inter-Agency Standing Committee on Humanitarian Affairs. She was particularly encouraged by the statement from IFRC, one of the key actors in emergency shelter. Referring to her recent trips to tsunami- and earthquake-affected areas in Sri Lanka and Indonesia, respectively, she noted that those areas were facing daunting housing construction challenges that could have been averted had proper construction codes been in place.

Agenda item 73: Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance (*continued*)

(b) Special economic assistance to individual countries or regions (*continued*)
(A/C.2/60/L.4/Rev.1)

Draft resolution A/C.2/60/L.4/Rev.1 on international cooperation and coordination for the human and ecological rehabilitation and economic development of the Semipalatinsk region of Kazakhstan.

57. **The Chairman** informed the Committee that the delegations of Burkina Faso, Brazil, Congo, Cyprus, Finland, France, Gambia, Germany, Greece, Guinea, Iraq, Ireland, Italy, Jamaica, Lesotho, Madagascar, Senegal and the United Republic of Tanzania had joined the sponsors of the draft resolution, and that it had no programme budget implications.

58. *Draft resolution A/C.2/60/L.4/Rev.1 was adopted.*

Draft resolution A/C.2/60/L.7/Rev.1 on humanitarian assistance and rehabilitation for Ethiopia

59. **The Chairman** informed the Committee that the draft resolution had no programme budget implications.

60. **Mr. Tekelegn** (Ethiopia) informed the Committee that the delegations of Armenia, Azerbaijan, Bolivia, Brazil, Cyprus, El Salvador, the Gambia, Germany, Grenada, India, Ireland, Israel, Luxembourg, Malaysia, Nepal, the Philippines, Spain, Uganda, Timor-Leste and Viet Nam had joined the sponsors of the draft resolution.

The meeting rose at noon.